



Director of
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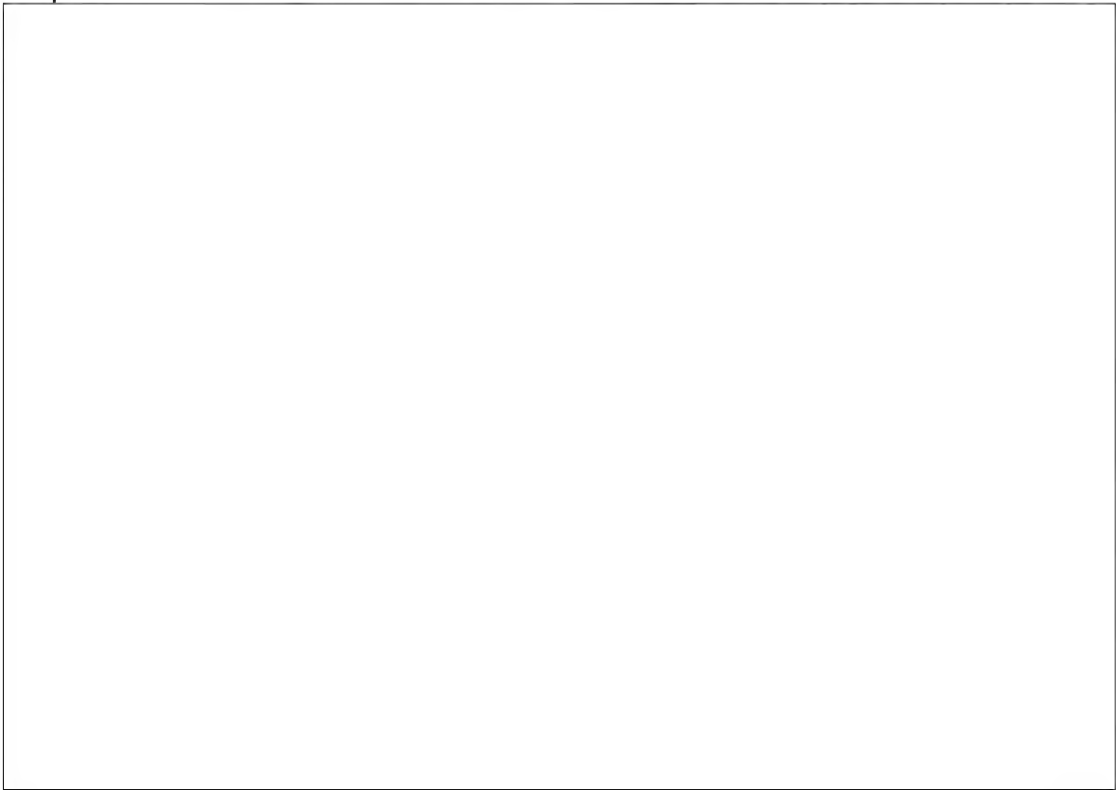
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② PAKISTAN-US: Relations Endangered

The continuing impasse on the delivery of F-16 aircraft and fears in Islamabad that US aid commitments will not be fully funded this year are severely testing US-Pakistan relations.

The Pakistani decision last week to reject any F-16s not equipped with the ALR-69 radar-warning receiver apparently was made by President Zia, according to the US Embassy. He may not have been aware that, because of delivery schedules, the device would not in any case be available for the first six aircraft. The Pakistani Air Force is willing to accept those F-16s, provided the US agrees beforehand to supply the device later.

1-4 Islamabad is increasingly concerned that installment of the \$3.2 billion arms sales and economic aid package for 1982 will be delayed and not fully funded. Pakistan is relying on full US funding of the \$275 million in military credits slated for 1983 to meet obligations already assumed. The Embassy notes that denial of a substantial portion of these funds could force Pakistan into default.

Comment: The F-16 and funding issues have shaken Islamabad's confidence in US commitments and threaten Zia's credibility in the ruling establishment. The publication in India yesterday of a story on the F-16 impasse could give Zia's opponents an issue and force him to act quickly to show his strength and independence.

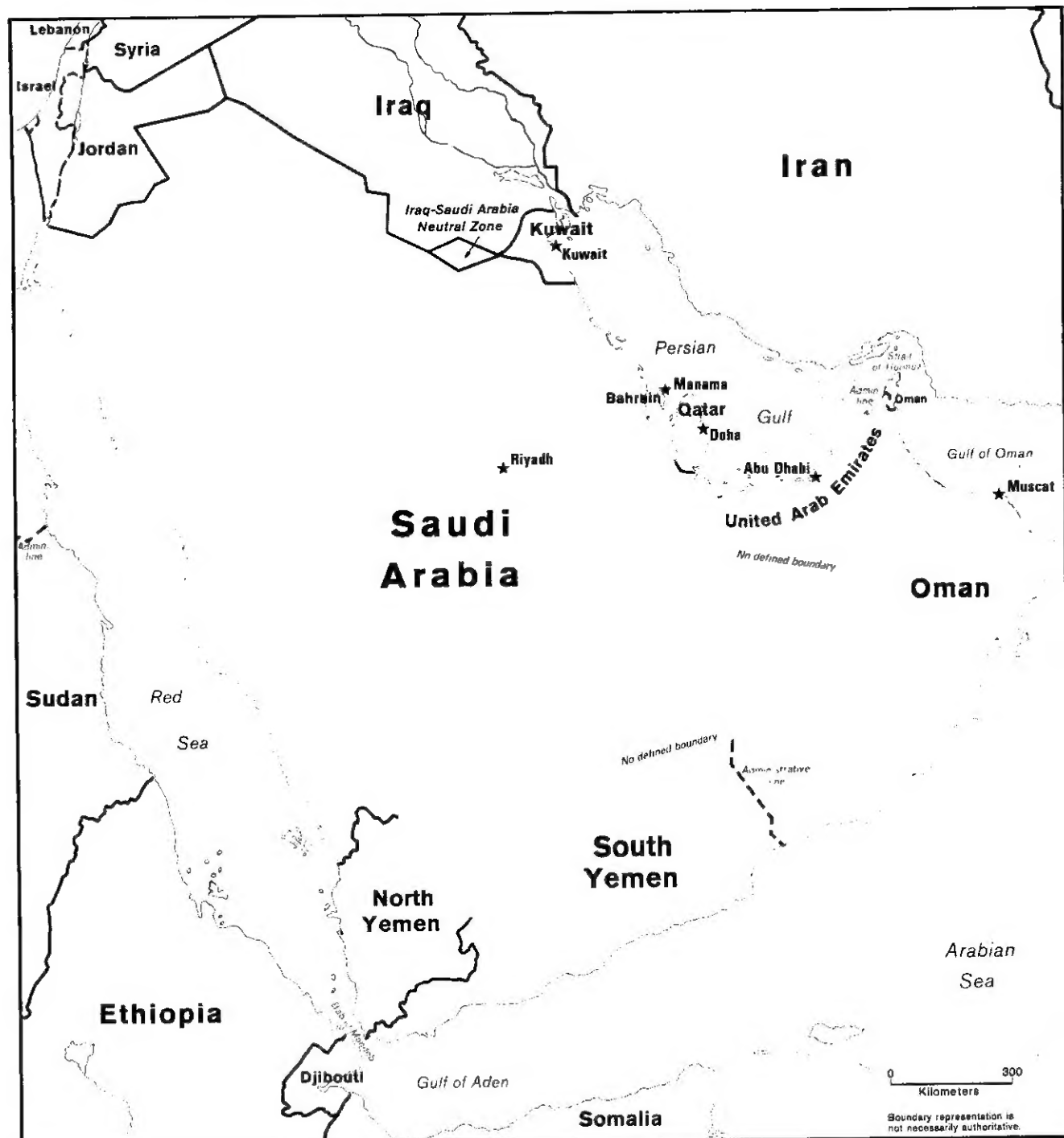
Islamabad probably will try to avoid an open breach with the US. It may search for a face-saving way of accepting the first six aircraft for which it has already paid \$185 million in funds provided by the Saudis.

Zia does not appear likely to cancel his visit to the US, scheduled for early next month, but he and his advisers will want to discuss these issues further with the Saudis and while they are in Washington. Agreement on the remaining F-16s--which are not scheduled for delivery until 1984 and 1985--may be canceled if the US does not agree to equip them with the ALR-69.

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④ BAHRAIN-US: Appeal for the F-16A

Bahrain is urging the US to agree to sell the F-16A to the nations of the Gulf Cooperation Council.

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Several of the states of the six-member Council will soon make decisions on buying advanced aircraft. The Bahrainis say they and others are leaning toward the Mirage 2000 or the European-built Tornado as the backbone of the group's air defense for the next decade, in part because of an anticipated US refusal to sell the F-16A.

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Bahraini leaders argue that they prefer to buy US-built aircraft. They note that the F-16A will be fully compatible with Saudi Arabia's AWACS planes and maintenance would be simplified because the F-16A has the same engine as the Saudi F-15s. They say they nevertheless will have to accept the Council's consensus.

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Comment: The Bahrainis probably are correct that the F-16A is the only US aircraft that the smaller Persian Gulf states would consider as an alternative to the Mirage 2000 or the Tornado. If the F-16A were offered, Bahrain, the United Arab Emirates, Qatar, and Kuwait would be interested. Qatar, however, evidently is committed to buying the Mirage F-1.

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Military leaders in Kuwait reportedly are interested in the F-16A, but some members of the royal family have strong political misgivings about Council states becoming closely identified with the US in military matters. Oman, which is considered close to the US by other Council members, is among the least interested in US aircraft because of strong ties to the UK.

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